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Requirements Specification - New Licensed Distributors

This document has been prepared by ELEXON on behalf of the Registration and Settlement Subgroup of the Distribution Business Focus Group (DBFG). It describes the agreed industry model for handling new Licensed Distributors.

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Version	Date	Authorisation	Signature	Responsibility

b Distribution

Name	Organisation

c Change History

Version 0.1 was reviewed by the DBFG Registration and Settlement Subgroup at its meeting on 17th December 2001.

Version 0.2 incorporated review comments, and was issued for further review by members of the DBFG Registration and Settlement Subgroup.

Version 0.3 incorporated review comments, and was issued for consideration by the DBFG at its meeting on 8th January 2002.

Version 0.4 incorporated the changes to the Requirements Catalogue (Section 5) made at the DBFG meeting on 8th January 2002 and subsequently issued for approval by MEC. The physical document issued to MEC was based on version 0.3 but contained the modified version of Requirements Catalogue, this new version of the document has been created to reflect those modifications. No further changes have been made, including any updates to section 2.3 - Next Steps .

d Changes Forecast

e Related Documents

f Intellectual Property Rights and Copyright

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1 EXECUTIVE SUMMARY

The Utilities Act 2000 (which came into effect on 1st October 2001) creates a requirement for new licensed Distributors to be able to join the Balancing and Settlement Code (BSC) and the Master Registration Agreement (MRA), and comply with the Settlement Agreement for Scotland (SAS). In order to allow a new licensed Distributor to do this, changes will be required to all three agreements, and to associated Party and Agent systems and processes.

The Distribution Business Focus Group (DBFG) is an industry group (chaired by MRASCo) which has examined a number of options for amending industry documents to support new new licensed Distributors. Following consultation with parties to the MRA and BSC, they have now recommended an approach (referred to in their papers as 'option 7'), the key features of which are as follows:

- No change to GSP Groups (i.e. no new GSP Groups will be introduced, therefore new networks will be incorporated within existing GSP Groups, which will continue to correspond to former Host PES authorised areas.)
- All metering systems on the network(s) of a given Distributor will be registered in a single SMRA system (as currently), allowing Suppliers to identify easily the Distributor and SMRA for each metering system.

This document has been prepared by the Settlement and Registration subgroup of the DBFG, and specifies in more detail the changes required to the legal framework and associated IT systems in order to support this option. In summary, the key changes required are as follows:

- Changes to the legal framework to ensure that, where appropriate, the current Public Distribution System Operator (PDSO) obligations also apply to new licensed Distributors. These obligations include the provision of a Metering Point Administration Service (MPAS), the publication of Line Loss Factors, and the maintenance of an inventory of Unmetered Supplies.
- Changes to the legal framework to clarify the accreditation and entry process requirements for a new MPAS (and the Supplier Hubs using that new MPAS).
- Changes to BSC Agent and Party Agent systems to allow there to be more than one Distributor and MPAS in each GSP Group (e.g. enhancements to DUoS reporting).

It should be noted that:

- The changes described in this report provide a solution for new distribution networks connected to a PDSO network. New distribution networks connected directly to the transmission network raise additional issues, which are discussed in Annex 2 to the report.
- The solution described in this document is not intended to require any change to the definition of GSP Group (or BSP Group in Scotland). However, several of the existing Distributors indicated in their responses to the DBFG consultation that they supported other options, which would require change to these definitions. These options are outside the scope of this document, but are briefly discussed in Annex 3.

2 INTRODUCTION

2.1 Background

As explained in section 3.1 of this report, the Utilities Act 2000 (which came into effect on 1st October 2001) creates a requirement for new Licensed Distributors to be able to join the Balancing and Settlement Code (BSC) and the Master Registration Agreement (MRA), and comply with the Settlement Agreement for Scotland (SAS).

None of these agreements currently allow for Licensed Distributors other than the fourteen Public Distribution System Operators (PDSO). In order to allow new licensed Distributors to meet their licence obligations, changes will therefore be required to all three agreements (and their supporting documents and IT systems).

As explained in section 3.2 of this report, a Distribution Business Focus Group has been set up to agree a model for supporting new Licensed Distributors. The Settlement and Registration Subgroup has been tasked with specifying in detail the implications for the BSC, MRA and SAS of the agreed model (and drafting the appropriate change proposals).

2.2 Purpose and Scope

This document has been prepared by the Settlement and Registration Subgroup of the DBFG, and describes the required changes to the BSC, MRA and SAS.

As described in section 3.2 of this report, the DBFG discussed a number of different settlement and registration options, but decided that the most appropriate model for handling new Licensed Distributors was 'option 7', the key features of which are as follows:

- No change to GSP Groups (i.e. no new GSP Groups will be introduced, therefore new networks will be incorporated within existing GSP Groups, which will continue to correspond to former Host PES authorised areas.)
- All metering systems on the network(s) of a given Distributor will be registered in a single SMRA system (as currently), allowing Suppliers to identify easily the Distributor and SMRA for each metering system.

The purpose of this document is therefore to document in more detail this recommended industry model for handling new licensed Distributors.

2.3 Next Steps

This document will be presented to the DBFG for approval at its meeting on 8th January 2002. Endorsement of the Focus Group recommendations will then be requested from the MRA Executive Committee (MEC) and appropriate settlement bodies.

Implementation of the changes described in this document will require appropriate Change Proposals to be issued for impact assessment under BSC, MRA and SAS change control procedures. In the case of the BSC changes, it is likely that only a BSC Party would be able to raise the appropriate Modification Proposal(s).

2.4 Structure of document

This document is structured as follows:

- Section 3 describes the background to the requirement, and the process followed by the Distribution Business Focus Group (DBFG).
- Section 4 describes assumptions, issues and risks.
- Section 5 is a Requirements Catalogue i.e. a formal statement of the requirements that the BSC, MRA and SAS (and associated systems and processes) must meet in order to facilitate competitive supply for customers on the networks of new Licensed Distributors.
- Section 6 describes the changes required to the legal framework in order to implement the requirements listed in section 5.
- Section 7 describes the changes required to systems and processes in order to implement the requirements listed in section 5.

The document also has three Annexes, as follows:

- Annex 1 outlines the Modification Proposals and Change Proposals that will need to be raised in order to implement the requirements described in this document.
- Annex 2 describes additional issues which arise in the case of distribution networks directly connected to the transmission system.
- Annex 3 briefly describes alternative solutions to the problem of new licensed distributors which were favoured by a minority of the Distribution Businesses responding to the DBFG consultation. It should however be noted that these alternative solutions are outside the scope of the Settlement and Registration Subgroup, and would have to be pursued as separate Modifications to the legal framework.

2.5 Glossary and Terminology

The following acronyms are used throughout this document:

BSC	Balancing and Settlement Code
DBFG	Distribution Business Focus Group
DTS	Data Transfer Service
GSP	Grid Supply Point
IARA	Initial Allocation and Reconciliation Agent
MPAS	Metering Point Administration Service
MRA	Master Registration Agreement
PDSO	Public Distribution System Operator
SAA	Settlement Administration Agent
SAS	Settlement Agreement for Scotland

SMRA	Supplier Meter Registration Agent
SMRS	Supplier Meter Registration Service
SPM	Supplier Purchase Matrix
SVAA	Supplier Volume Allocation Agent

The requirements described in this document are intended to apply to Scotland, as well as England and Wales. However, to avoid cumbersome repetition, the Scottish terminology has not always been used. In particular, the following points should be noted:

- Unless otherwise stated, or the context requires, the term 'GSP Group' should be taken as meaning GSP Group in England and Wales, and/or BSP Group in Scotland.
- This document uses the term 'Metering Point Administration Service' or 'Supplier Meter Registration Service' to refer to the registration services provided by licensed Distributors. Unless otherwise stated, or the context requires, both terms should be taken as including Scottish Metering Point Administration Services which are referred to as PES Registration Services and defined within the SAS.
- Unless otherwise stated, or the context requires, the term 'Supplier Volume Allocation Agent' (SVAA) should be taken as meaning Supplier Volume Allocation Agent in England and Wales, and/or Initial Allocation and Reconciliation Agent (IARA) in Scotland.
- The terms 'Distributor', 'Distribution System Operator' and 'Distribution Business' should be treated as synonymous for the purposes of this document.

3 BACKGROUND TO REQUIREMENT

This section of the document describes the source of the requirement for new Licensed Distributors, and the process followed by the New Distributor Focus Group in proposing a solution to the issue.

3.1 Licensed Distributors

Prior to the introduction of the Utilities Act in October 2001, distribution of electricity was not a distinct licensable activity. The licensing regime for Distributors was therefore as follows:

- The fourteen Public Electricity Suppliers had licence conditions related to distribution included in their PES licences.
- Because distribution was not a licensable activity, other organisations were able to own and/or operate private networks, without any obligation to apply for a licence, or sign the Master Registration Agreement (MRA) or Balancing and Settlement Code (BSC).

The Trading Arrangements allow unlicensed private networks to be handled in one of the following ways:

- The most common option is where the single point of connection between the Public Distribution System and the unlicensed network is registered in SMRS (by a licensed Supplier), but none of the entry and exit points are registered. In this case, whilst the total demand on the unlicensed network is accounted for within settlements, the operation of the unlicensed network is entirely outside the scope of the MRA and the BSC. This is the situation prevalent in the Scottish market.
- Alternatively, the BSC (in England and Wales) would allow the network to be 'adopted' by the Public Distribution System Operator. In this case it would be treated for settlement and registration purposes as part of the Public Distribution System. All of the entry and exit points would be recorded in SMRS by the PDSO, and the network would therefore be open to competitive supply.

However, following the implementation of the Utilities Act on 1st October 2001, distribution of electricity is now a licensable activity, and as a result companies other than PDSO may be obliged (or choose) to obtain Distribution Licences. The obligations placed on such Licensed Distributors will include the following:

- An obligation to prepare a schedule of distribution charges and Line Loss Factors (under Condition 4 of the standard licence);
- An obligation to become a BSC Party, if distributing electricity in England or Wales (under Condition 10 of the standard licence);
- An obligation to comply with the Settlement Agreement for Scotland (SAS), if distributing electricity in Scotland (under Condition 12 of the standard licence);
- An obligation to become a Party to the MRA (under Condition 14 of the standard licence).

Changes are required to the BSC, MRA and SAS in order to allow licensed Distributors to meet these obligations, and hence open up their networks to competitive supply.

3.2 The Distribution Business Focus Group

In order to provide a co-ordinated industry view of the changes required to support new licensed Distributors, the MRA Executive Committee (MEC) has established a New Distribution Business Focus Group (DBFG). This has representatives from Suppliers, Distributors, MRASCo, ELEXON, SESL and Ofgem.

On 6th November 2001, the DBFG issued for consultation¹ a high-level paper describing settlement and registration options. This section of the document describes the options considered, and the results of the consultation process.

3.2.1 Settlement Options

Prior to the consultation, the DBFG had considered the following settlement options:

- (i) Treating each network as part of the existing GSP Group corresponding to the authorised area of the PDSO in which it is located;
- (ii) Treating each network as part of an existing GSP Group (with the Distributor free to choose which GSP Group); and
- (iii) Creating a new GSP Group for each new licensed Distributor.

For reasons that are summarised in Annex 3 of this report (and were explained more fully in the consultation paper issued on 6th November), ELEXON and SESL believe that (for networks not connected directly to the transmission network) the first of these three options is the only appropriate one. The majority of consultation responses supported this recommendation. However, some existing Distributors did express support for other options:

- Three Distributors supported option (ii); and
- One Distributor supported option (iii).

On 28th November 2001 the DBFG met to consider the consultation responses, and agreed that the Registration and Settlement Subgroup should proceed on the basis of option (i). The DBFG also agreed not to progress options (ii) and (iii), and suggested that those Distributors who favoured them could raise appropriate Modification Proposals to the BSC, allowing the issues they raise to be debated in an appropriate Modification Group.

3.2.2 Registration Options

The DBFG recognised that many Stage 2 systems (including Supplier systems, Supplier Agent systems and BSC Agents systems) currently assume a precise one-to-one correspondence between Distribution Business, Metering Point Administration Service and GSP Group. The introduction of new licensed Distributors will require some loosening of this constraint. The key options considered by the DBFG were as follows:

- Option 1 is to require licensed Distributors to use the MPAS provided by the Public Distribution System Operator to whose Public Distribution System the network is connected.

¹ The consultation paper was issued to all MRA Parties, and posted on the BSC website (www.elexon.co.uk).

- Option 1A is the same as option 1, but additionally requires the Public Distribution System Operator to route data flows on behalf of the licensed Distributor (thereby avoiding the need for MPAS and Supplier systems to interface with a new licensed Distributor).
- Option 7 is to require each licensed Distributor to provide or procure a single MPAS, covering all of their network(s).

Of the responses that expressed a view on which of these options was most appropriate, all except one were in favour of option 7, on the basis that it minimises the impact on existing systems and processes:

- It minimises the impact on existing Distributors of new licensed networks connected to their systems.
- It minimises the changes required to Supplier and Supplier Agent systems.

On 28th November 2001 the DBFG met to consider the consultation responses, and agreed that the Registration and Settlement Subgroup should specify in more detail the changes required to support option 7. This scope of this document is therefore restricted to option 7, the key features of which are as follows:

- No change to GSP Groups (i.e. no new GSP Groups will be introduced, therefore new networks will be incorporated within existing GSP Groups, which will continue to correspond to former Host PES authorised areas.)
- All metering systems on the network(s) of a given Distributor will be registered in a single SMRA system (as currently), allowing Suppliers to identify easily the Distributor and SMRA for each metering system.

4 ASSUMPTIONS, ISSUES AND RISKS

4.1 Assumptions

The requirements described in this document are based on the following assumptions:

1. All entry and exit points on the network(s) of a licensed Distributor should be registered by a Supplier (in a Metering Point Administration Service) or a BSC Party (in the Central Meter Registration Service).
2. New licensed Distributors will not necessarily be issued with a Distribution Services Direction (as defined in condition 2 of the standard licence), in which case the obligations in Section C of the standard licence (including the obligation to provide an MPAS service) will not apply.

4.2 Issues

The following issues have been identified with the requirements described in this document:

1. Requirement 5.1.2 obliges each licensed Distributor to provide or procure an MPAS, even though (as noted in assumption 2 above) there may not be any direct licence obligation to do so. The intention is that this obligation will be placed on the Distributor through the MRA and BSC (compliance with the MRA and BSC being a licence obligation for all licensed Distributors).
2. As each licensed Distributor is obliged to provide or procure a single MPAS, they will not have the option of using the service provided by each PDSO within its distribution services area (unless their distribution activities are confined to the area of a single PDSO). This arguably undermines the intent of condition 37 of the standard licence, which states that each distribution services provider shall, upon request, provide a Metering Point Administration Service for other distribution systems within his distribution services area.
3. As described in Annex 2 of this report, the current definition of GSP Group is such that a new network directly connected to the transmission system (in England and Wales) would have to be treated as a new GSP Group. In Scotland a new network connecting at 275kV may have to be treated as a new BSP Group. The impact of creating a new GSP/BSP Group is outside the scope of this document.
4. Requirement 5.1.2 obliges each Distributor to provide or procure a single Supplier Meter Registration Service for his network(s). It follows from this that if a network was to be transferred from one Distributor to another, the metering systems would have to be transferred to a different SMRS. Options for doing this are likely to be as follows:
 - If the entire Distribution Business is transferred to another Distributor, it may be possible to carry on treating them as two separate Distributors for the purposes of Stage 2 settlement, even if they are now one legal entity (either as a short-term workaround, or on a longer-term basis).
 - Otherwise, the individual metering systems will need to be transferred to the new Distributor and SMRA. As requirement 5.1.1 specifies that the first two digits of

the MPAN must identify the Distributor, this implies a change to the core MPAN. The only existing mechanism for this is logical disconnection followed by creation of a logical new connection. However, this has the disadvantage of losing the metering system history.

5. The requirements in this document do not address the issue of what happens if a Distributor and/or MPAS should cease trading (e.g. by entering into administration).
6. Currently the key 'unit' of Supplier entry process is a combination of Supplier, Supplier Agents and GSP Group. As described under requirement 5.2.2, it's not entirely clear how this should change to cater for new SMRA:
 - If the GSP Group is only really included as a surrogate for SMRA, then the new 'unit' of Supplier entry becomes a combination of Supplier, Supplier Agents and SMRA (but not GSP Group). Once a Supplier Hub had done an entry process for a given SMRA, they could work with that SMRA in any GSP Group.
 - Alternatively, the new 'unit' of Supplier entry could be a combination of Supplier, Supplier Agents, SMRA and GSP Group. A Supplier Hub would then have to do an entry process for each combination of SMRA and GSP Group.
7. Requirement 5.6.1 implies that Supplier Agents and BSC Agents should send data flows (e.g. DUoS reports) to new Distributors. The logical mechanism for doing this would appear to be the Data Transfer Service (DTS). However, it is not clear that this is consistent with the allowed users of the DTS as listed in the standard Distribution Licence.

4.3 Risks

The following risks have been identified with regard to the requirements described in this document:

- As noted in section 7, significant software changes will be required in order to support the requirements. There is a risk that one or more new distribution licences are issued prior to completion of these software changes, and that the metering points on the new networks will not therefore be open to competitive supply.
- They require each licensed Distributor to provide (or procure) a single Meter Point Administration Service. A licensed Distributor operating only within the distribution services area of a single PDSO should always be able to meet this requirement, as the PDSO is obliged to provide such a service. However, for a licensed Distributor operating in more than one PDSO distribution services area, no PDSO has a licence obligation to provide the required service, and there is therefore a risk that providing the necessary MPAS will be prohibitively expensive.

5 REQUIREMENTS CATALOGUE

This section of the document lists the requirements that the BSC, MRA and SAS (and associated systems and processes) must meet in order to facilitate competitive supply for metering systems on the networks of new Licensed Distributors. Each requirement is defined as Mandatory, Highly Desirable or Desirable:

- Mandatory requirements are the key requirements underpinning the DBFG's preferred option for handling new licensed Distributors. Until these requirements are met, it will not be possible for a licensed Distributor to start operating without significant non-compliance with his licence, a complete failure to achieve competitive supply and/or failure to settle correctly the energy supplied to metering systems on the network.
- Highly Desirable requirements are ones that must be achieved, or else there will be a serious risk to the integrity of settlement and/or the interests of other participants in the market. The Settlement and Registration Subgroup recommend that any long-term solution put in place must meet the Highly Desirable requirements (although conceivably, and subject to appropriate controls to mitigate the risks, some new licensed Distributors could begin operating prior to all of these requirements being met).
- A Desirable requirement is one that must be achieved, or else there will be a minor risk to the integrity of settlement and/or the interests of other participants in the market. The Settlement and Registration Subgroup recommend that any long-term solution put in place should meet the Desirable requirements, subject to more detailed analysis of the costs and benefits.

5.1 Registration of Metering Systems

The key requirements related to registration of metering systems are as follows. Note that some of these requirements also have an impact on Suppliers and Supplier Agents e.g. requirement 5.1.4 means that Supplier Agents can no longer deduce the GSP Group of a metering system from its core MPAN.

Req. No.	Status	Description	Source of Requirement	Comments
5.1.1	M	Each Licensed Distributor must ensure skeleton MPAN details are entered in MPAS for the entry and exit points on his network(s), in accordance with existing procedures (e.g. BSCP501). The first two digits of each MPAN must be a two-digit Distributor Short Code, uniquely identifying the Distributor.	<p>The requirement to register MPAN details arises directly from assumption 1 in section 4.1 of this document.</p> <p>The requirement that the first two digits of the MPAN continue to identify the Distributor is one of the key features of the option selected by the DBFG, and allows Suppliers to identify the Distributor from the core MPAN alone.</p>	As current MRA obligation
5.1.2	M	Each Licensed Distributor must provide or procure a single Metering Point Administration Service in which all the entry and exit points on his network(s) are registered.	<p>This is one of the key features of the option selected by the DBFG.</p> <p>The key benefit of this requirement is that it allows Suppliers to identify the MPAS in which a metering system is registered from the core MPAN alone.</p>	The existing PDSO already meet this requirement with respect to metering systems in their own authorised area. Under the new rules, they would also have to provide an MPAS for any networks operated outside of their own area.
5.1.3	M	Each Distributor's MPAS must be identified by the same four character Market Participant Id as the Distributor itself.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	<p>For example, a hypothetical Distributor with Market Participant Id of XXXX would be identified on data flows as follows:</p> <ul style="list-style-type: none"> Flows sent to or from the Distributor would be labelled with a Market Participant Role Code of 'R', and a Market Participant Id of 'XXXX'. Flows sent to or from the MPAS would be labelled with a Market Participant Role Code of 'P', and a Market

Req. No.	Status	Description	Source of Requirement	Comments
				Participant Id of 'XXXX'. This requirement makes it significantly easier for Parties to route flows to the correct MPAS for a given Distributor.
5.1.4	M	When recording skeleton MPAN details, each Licensed Distributor must attach the metering system to the GSP Group corresponding to the PDSO distribution services area in which it is located.	This is one of the key features of the option selected by the DBFG. (As described in Annex 2 to this document, this raises additional issues in the context of networks directly connected to the transmission network).	It follows from this requirement that any MPAS used by a Distributor operating in more than one PDSO authorised area must be able to register metering systems in more than one GSP Group (and validate that the correct combinations of Profile Class and Standard Settlement Configuration are used in each one).
5.1.5	M	Each Licensed Distributor must publish details of the Line Loss Factor Classes (LLFC) it supports. When recording skeleton MPAN details, the Licensed Distributor must attach each metering system to an appropriate Line Loss Factor Class.	Condition 4 of the standard licence obliges Distributors to publish schedules of line loss factors. The MRA definition of a Skeleton Record includes the LLFC	As current
5.1.6	M	Each Licensed Distributor must publish details of the Meter Timeswitch Codes supported on their networks (and by their SMRA service). Suppliers must register each metering system to one of these supported MTC.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	As current

Req. No.	Status	Description	Source of Requirement	Comments
5.1.7	M	Each Licensed Distributor must facilitate transfers of metering systems between SMRA and the Central Meter Registration Service (CMRS), in accordance with BSCP68.		As current Not Applicable in Scotland
5.1.8	M	Each Licensed Distributor must facilitate Dual Supplier Trading, in accordance with BSCP550.		As current Not Applicable in Scotland

5.2 Certification and Entry Processes

Req. No.	Status	Description	Source of Requirement	Comments
5.2.1	M	DB Accreditation will be required to demonstrate that they can fulfil their MRA obligations The SMRS used by each Distributor should be accredited and complete an entry process prior to use.	New Distribution Business Focus Group	The SMRS entry processes are defined in BSCP511. The MRA currently anticipates only new Supplier entrants. It is anticipated that changes will be required to these entry processes in order to accommodate new licensed Distributors and new Service Providers.
5.2.2	H	Each combination of Supplier Hub (i.e. Supplier and associated Agents) and SMRA should go through an Elexon entry process prior to use.	This is a logical extension of the existing Elexon entry process requirements, although some concerns were expressed by the DBFG Registration and Settlement Subgroup that it could prove an	Currently the key 'unit' of the Elexon Supplier entry process is a combination of Supplier, Supplier Agents and GSP Group. It's not entirely clear how this should change to cater for new SMRA: <ul style="list-style-type: none"> If the GSP Group is only really included as a surrogate for SMRA, then the new 'unit' of

Req. No.	Status	Description	Source of Requirement	Comments
			obstacle to competitive supply on new networks.	<p>Supplier entry becomes a combination of Supplier, Supplier Agents and SMRA (but not GSP Group). Once a Supplier Hub had done an entry process for a given SMRA, they could work with that SMRA in any GSP Group.</p> <ul style="list-style-type: none"> Alternatively, the new 'unit' of Supplier entry could be a combination of Supplier, Supplier Agents, SMRA and GSP Group. A Supplier Hub would then have to do an entry process for each combination of SMRA and GSP Group.

5.3 Line Losses

Req. No.	Status	Description	Source of Requirement	Comments
5.3.1	M	Each Licensed Distributor must submit Line Loss Factors (for each LLFC) to the Panel, in accordance with BSCP528 and BSCP28 for CRA, where applicable.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	<p>As current</p> <p>For a distribution network connected to the PDSO network, the LLF will have to include losses on both distribution networks.</p> <p>Timescales for submission of LLFs may need review in line with dual_DB dependency</p>

5.4 Unmetered Supplies

Req. No.	Status	Description	Source of Requirement	Comments
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Req. No.	Status	Description	Source of Requirement	Comments
5.4.1	M	Each Licensed Distributor must maintain details of unmetered supplies on their network(s).	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	As current

5.5 Market Domain Data

Req. No.	Status	Description	Source of Requirement	Comments
5.5.1	D	Market Domain Data should include details of which Distributors (and associated MPAS) are operating in each GSP Group.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	This information is desirable to allow Data Aggregators to validate data flows received from SMRA. The information is already included in MDD (as GGD and PAA records on the MDD data flows), but changes will be required to the MDD software to allow more than one Distributor and MPAS per GSP Group. (There was also an alternative view expressed at the meeting on 17 th December, that it is <u>not</u> desirable for Data Aggregators to validate flows received from SMRA in this way, as it could lead to erroneous rejection of correct instructions from SMRA.)

5.6 Reporting Changes to Facilitate DUoS Charging

Req. No.	Status	Description	Source of Requirement	Comments
5.6.1	M	Where the existing legal framework specifies that Distributors are to receive reports (e.g. NHH DUoS data from SVAA), these reports must show only metering systems on the network(s) of that Licensed Distributor.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	Where a report is at the metering system level, the Distributor can be determined from the core MPAN. In the case of SVAA, which doesn't see individual MPANs, the Distributor can be determined from the Market Participant Id associated with the Line Loss Factor Class.

Req. No.	Status	Description	Source of Requirement	Comments
5.6.2	D	Distributors should be able to register in the Central Meter Registration Service (CMRS) the metering at the connection point between two Distribution Systems (even when those systems are in the same GSP Group).	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	Such connection points don't have to be metered for settlement purposes, and therefore the metering would not be included in any Aggregation Rule. This will require a BSC Modification to extend the use of CMRS.

5.7 Validation of Data Received from Data Aggregators

Req. No.	Status	Description	Source of Requirement	Comments
5.7.1	D	SVAA should validate that files received from Data Aggregators only contain data from those SMRA which have been through a Supplier entry process with that Data Aggregator and Supplier.	Recommended by the DBFG Registration and Settlement Subgroup on 17 th December 2001.	This requirement is related to requirement 5.2.2. Currently SVAA maintains 'standing data', which lists all the valid combinations of Supplier, Data Aggregator and GSP Group. This standing data is used to validate that the correct files have been received from Data Aggregators. If requirement 5.2.2 is implemented, the SVAA validation could potentially be enhanced to validate that Data Aggregators have only sent data for the correct SMRA.

5.8 Metering between Host DB and Licensed Embedded DB

Req. No.	Status	Description	Source of Requirement	Comments
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Req. No.	Status	Description	Source of Requirement	Comments
5.8.1	H	<p>Metering of a suitable standard, i.e HH capable, should be installed at, and data collected from, the connection point between the Host and Licensed-Embedded DBs</p> <p>Such metering shall be an accredited data-recording device</p> <p>Network stability eg exceeding MD; power outages, can be better monitored through such metering</p> <p>Such metering may be used for the purpose of inter-DB DUoS billing</p> <p>Data from such metering may be used in the investigation of GSPGCF issues</p> <p>Data from such metering may be used as a corroboratory element in error identification and correction</p>	<p>Recommended by the DBFG at their meeting on 8th January 2002.</p>	<p>This requirement is related to requirement 5.6.2.</p>

6 CHANGES REQUIRED TO LEGAL FRAMEWORK

This section of the document provides an outline of the changes that will be required to the legal framework in order to implement the requirements listed in section 5.

The purpose of providing this statement of required changes is to allow a detailed impact assessment to take place, and not to provide an exhaustive catalogue of the changes to every document. It is anticipated that additional impacts on the legal framework will be identified as part of the detailed assessment process.

6.1 Master Registration Agreement

Initial analysis by MRASCo has identified the following areas of impact on the MRA.

6.1.1 Requirement to provide Registration Services.

Condition 14 of the Electricity Distribution Licence requires a Licensee to sign the MRA, however the Licence Condition to provide or procure a Meter Point Administration Service is only applied under Section C 'Distribution Services Obligations'. Ofgem have advised that this Section would not be applied to new Licensees and such variation in the application of standard clauses into Distribution Licences granted post the Utilities Act, introduces the need to reaffirm the role of providing access for Suppliers to register Metering Points on a Licensed Network. Ofgem have confirmed that it is their belief that the MRA is the appropriate setting for the obligation for a Distribution Business to provide Registration access to Suppliers for its Network/s.

Clear impacts are;

- The Recitals of the MRA require revision as they consider Licence Condition 37 being applicable to all Distribution Businesses.
- A legal opinion will be obtained from MRASCo's Counsel as to the impact on the MRA of the drafting required. The MRA should recognise the difference in the construction of a Distribution Licence. Incorporating an obligation to ensure Suppliers have access to Registration Services for Networks operated by Licensees, not bound by Registration requirements as may be set out in Section C of the Licence.
- To ensure the operability and consistent market operation of both the registration and settlements activities, equivalence with the existing MRA requirements must be maintained.

A key recommendation of the DBFG is that this modification be made. MRASCo will prepare analysis and draft changes to the MRA to support the recommendation to MEC.

6.1.2 Changes to Governance and Finance arrangements in the MRA.

A separate working group will recommend the changes to MRA Voting and funding mechanisms for Distribution Businesses. These are outside the technical scope of this document.

6.1.3 MRA Parties obligated to complete Entry Assessment & Re-qualification.

MRA Clause 11 - Entry Assessment – currently only references Suppliers, therefore the role of this clause and the most appropriate method of introducing Assessment will be reviewed, to take account of the Accessions of Distribution Business Parties. This will recognise the many roles and relationships between the Distribution Business and the Service Provider, when evaluating the steps that would be essential for Assurance and Accreditation.

Any proposed changes will be developed and submitted to MRA change mechanisms. The extent of this evaluation will be dependent on the Registration and Settlement Option that is defined, e.g. Option 7.

6.1.4 General functions of the MRA and the MRASCo Product Set.

Other than the issues already identified, the MRA has clear responsibilities for a Distribution Business party, and also clearly identifies where its Service Provider delivers those responsibilities. It is envisaged that, other than the impacts identified in 6.1.1 to 6.1.3 inclusive, the existing structure of the MRA will be fit for purpose whether the Distribution Business party holds a licence with or without Section C applied.

Analysis of Option 7 has not yet identified any other areas for change within the MRA. Option 7 provides for equivalence in market activity for Suppliers and Distribution Business signatories.

However the detailed review that this document represents may identify further changes to the DTC in support of the wider end-to-end implications of the model.

E2E diagrams are required to represent the relationships between Distributors and Service Providers that this model introduces. These changes are options that account for the likely commercial agreements between market entities.

Activities identified in the E2E diagrams that are outside MRA governance, are broadly listed in Section 7.

6.1.5 The role of the MRA with networks connected to transmission systems directly.

This requires further evaluation following discussion around how the issue of GSP is resolved. (see annexe 2)

6.2 Balancing and Settlement Code

Initial analysis by ELEXON (and its legal advisers) indicates that the following changes will be required to the BSC in order to implement the requirements listed in section 5 of this document.

Extending Scope of the Total System

The BSC uses the term 'Total System' to refer to the aggregate of the Transmission System, the Public Distribution Systems, and any other distribution systems which have all their entry and exit points registered. The requirements to register entry and exit points in Section K of the BSC are intended to ensure that all energy entering or leaving the Total System is metered.

Given the intention that all entry and exit points on licensed Distribution networks should be registered in SMRA, the definition of Total System should be amended to include all licensed distribution networks in England and Wales.

Extending PDSO Obligations to Other Licensed Distributors

Currently, the BSC recognises two categories of Distributor:

- A Public Distribution System Operator (PDSO) is one of the former holders of a PES Supply Licence (or a successor to such a company). There are therefore only twelve PDSO (excluding Scotland, which is outside the scope of the BSC).
- A Distribution System Operator is a PDSO, or any other Party who distributes electricity through a Distribution System (where a Distribution System means a distribution system whose entry and exit points are subject to registration under the MRA).

In order to meet the requirements listed in section 5 of this document, licensed Distributors need to have many of the same obligations as Public Distribution System Operators, including in particular:

- The obligation in section K1.7 of the BSC to submit Line Loss Factors to the Panel in accordance with BSCP28 and/or BSCP528.
- The obligation in section K3.1 of the BSC to ensure that its SMRS satisfies an SMRS Entry Process in accordance with BSCP511 before providing registration services.
- The obligations in section S8.2 relating to Unmetered Supply.

Changes will also be required to the definition of Supplier Meter Registration Agent and Supplier Meter Registration Service, in order to allow someone other than a PDSO to fulfil the role.

Clarification of Entry Process Requirements

Section J5.1.1 of the BSC currently states that:

Each Supplier shall ensure that it and each unique combination of its Supplier Agents who are to be responsible for SVA Metering Systems within a GSP Group has satisfied the requirements of the Supplier Entry Process in accordance with BSCP 512 before any registration of that Supplier in respect of a SVA Metering System in the SMRS relating to the GSP Group becomes effective.

This drafting is based on the assumption that there can only be one SMRS per GSP Group. As described under requirement 5.2.2, this assumption is no longer correct, and drafting changes will be required as a result.

Registration of Connection Points

Desirable requirement 5.6.2 is that Distributors should be able to register a metering system at the connection between two Distribution Systems in the same GSP Group. This will require a change to the BSC.

6.3 Settlement Agreement for Scotland

New Distribution Businesses will be required to provide or procure a single PRS irrespective of the number of networks they own or their geographic location. However, each network will be incorporated into the relevant, existing, geographic BSP Group.

It is likely that any such New Distribution Businesses would require to accede to the SAS in order to place the obligations upon them necessary to provide Settlement information. Within the SAS some market participants (e.g. Non Trading Generators) are signatories, but without the rights or obligations assigned to Suppliers and Generators as voting members. Treating New Distribution Businesses in a similar way would minimise the impact on SAS governance arrangements and would be consistent with the Distribution Licence obligation to comply with, but not become a Party to, the SAS.

A new Part to the SAS would be required to describe the "Duties of Distribution Businesses". Many, if not all, of the obligations could be extracted from the existing Host Company (Distribution Business) obligations. All such references, throughout the SAS, would require to be assessed as some of the current Distribution obligations may only be to the Host Companies. This is a significant change to the structure of the SAS.

6.4 BSC Procedures and Party Service Lines

It is likely that the majority of BSC Procedures and Party Service Lines will need to be changed in order to reflect the BSC changes described in section 6.2 above. Procedures that are definitely believed to be impacted include BSCP501, BSCP502, BSCP503, BSCP504, BSCP507, BSCP511, BSCP512, BSCP520 and BSCP528.

6.5 Data Transfer Service Agreement

Changes may be required to the Data Transfer Service Agreement, in order to allow new licensed Distributors to send and receive data flows using the Data Transfer Service.

7 IMPACT ON PARTIES, PARTY AGENTS AND BSC AGENTS

This section of the document provides an outline of how the requirements listed in section 5 will impact the systems and processes operated by Suppliers, Distributors, Party Agents and BSC Agents.

The purpose of providing this statement of required changes is to allow a detailed impact assessment to take place, and not to provide an exhaustive catalogue of the changes to every system and process. Because of the nature of the requirements listed in section 5 of this document, it is likely that the impact on each organisation and each system will depend significantly upon subtle details of the design e.g. whether a system attempts to 'deduce' a metering system's GSP Group Id from the MPAN, or relies on being told it explicitly.

7.1 Market Domain Data

Currently Market Domain Data (MDD) includes details of which Distributor and MPAS Agent is active in each GSP Group:

- The GSP Group Distributor entity records which Distributor is assigned to each GSP Group. This data is reported on the MDD Complete Set (D0269) data flow as a GGD record following the GSP Group record. The structure of the data flow does allow for more than one Distributor per GSP Group, but the MDD system that generates the data flows currently imposes a constraint that there can only be one Distributor per GSP Group on a given Settlement Day.
- The PRS Agent Appointment entity records which MPAS Agent is assigned to each GSP Group on each Settlement Day. This data is reported on the MDD Complete Set (D0269) data flow as a PAA record following the GSP Group record. The structure of the data flow does allow for more than one MPAS Agent per GSP Group, but the MDD system that generates the data flows currently imposes a constraint that there can only be one MPAS Agent per GSP Group on a given Settlement Day.

The Requirements Catalogue in section 5.5 of this document states as a Desirable requirement that MDD should continue to record which Distributors and MPAS Agents are operating in each GSP Group. In order to meet this requirement, the Market Domain Data Management (MDDM) software used by the MDD Agent will need to be amended to allow more than one Distributor and MPAS Agent per GSP Group. No changes will be required to the structure of the MDD data flows.

As this is a Desirable requirement, its implementation is subject to assessment of the cost and benefits.

7.2 Supplier Volume Allocation Agent

Ultimately, the impact of new licensed Distributors on SVAA will have to be determined by commissioning a detailed impact assessment from the SVAA developer. However, in summary, the changes are believed to be as follows.

7.2.1 Changes to Support Mandatory Requirements

Mandatory requirement 5.6.1 states that each Distributor should receive reports relating only to the metering systems on their own network(s). In order to support this requirement, changes will be required to the way SVAA generates the Distribution Use of System (DUoS) report for Distributors.

Currently, each PDSO receives a Non Half Hourly DUoS (D0030) report, showing Non Half Hourly data for all the metering systems in that PDSO's GSP Group. The following changes will be required as a result of new Licensed Distributors:

- The SVAA system will have to recognise that each Distributor may operate in a number of GSP Groups, rather than just one.
- The file produced for each Distributor will have to include only those cells of the Supplier Purchase Matrix relating to that Distributor. It is proposed to identify these using the Distributor Id associated with the Line Loss Factor Class.

7.2.2 Changes to Support Desirable Requirements

In addition to the mandatory requirements, the following desirable requirements will also have an impact on SVAA:

- Requirement 5.5.1 specifies that Market Domain Data should include details of which Distributors (and associated MPAS Agents) are operating in each GSP Group.
- Requirement 5.7.1 specifies that SVAA should maintain standing data about which combinations of Supplier, Data Aggregator, GSP Group and SMRA are expected to submit files to SVAA, and validate files received from Data Aggregators accordingly.

Requirement 5.5.1 – Market Domain Data

As described in section 7.1 above, desirable requirement 5.5.1 specifies that Market Domain Data should include details of which Distributors (and associated MPAS Agents) are operating in each GSP Group. As SVAA currently stores a copy of the GSP Group Distributor details from MDD, this also has a potential impact on SVAA.

Further analysis will be required as part of the detailed impact assessment to determine how this requirement impacts SVAA. Possible options for consideration include the following:

- Updating the SVAA database and data entry screens to allow more than one occurrence of the GSP Group Distributor entity for each GSP Group and Settlement Day.
- Alternatively, it may be that the changes to the way the DUoS report is produced (as described in section 7.2.1 above) mean that the GSP Group Distributor entity is no longer required, and therefore the SVAA functionality in this area does not have to be updated.

Requirement 5.7.1 – Standing Data

The SVAA system records 'standing data', which is maintained in accordance with BSCP507, and defines the GSP Groups in which Suppliers and Data Aggregators operate:

- The Supplier in GSP Group entity records valid combinations of Supplier and GSP Group.
- The Data Aggregator in GSP Group entity records valid combinations of Supplier, Data Aggregator and GSP Group.

The use of this standing data to validate files received from Data Aggregators benefits the integrity of settlement as follows:

- It allows the SVAA to detect if a Data Aggregator file has not been received, and therefore reduces the risk of Supplier Volume Allocation taking place with incomplete data.
- It allows the SVAA to detect if data has been received from an unexpected combination of Supplier, Data Aggregator and GSP Group, therefore reducing the risk of Supplier Volume Allocation taking place with erroneous data.

Desirable requirement 5.7.1 specifies that this validation should be enhanced to check that files received from Data Aggregators only contain data from those SMRA which have been through a Supplier entry process with that Data Aggregator and Supplier. In the Non Half Hourly market, this desirable requirement could be implemented as follows:

- Changes to the database and data entry screens to include the Market Participant Id of the SMRA in the key of the Supplier in GSP Group and Data Aggregator in GSP Group entities. (Changes would also be required to BSCP507, the BSC Procedure for maintenance of Standing Data).
- Changes to the process that loads Supplier Purchase Matrix (SPM) files to validate that, for each Line Loss Factor Class referenced in the file, the Standing Data contains a valid occurrences of Data Aggregator in GSP Group for the combination of:
 - (i) The Data Aggregator and GSP Group to which the file relates;
 - (ii) The Supplier to which the SPM cell relates; and
 - (iii) The Distributor Id² associated with the Line Loss Factor Class.

In the Half Hourly market, implementation of this desirable requirement would be more difficult, because the data received from Half Hourly Data Aggregators does not include Line Loss Factor Class Id, or anything else from which the Supplier Meter Registration Agent can be deduced. In order to allow SVAA to validate the SMRA against standing data, enhancements would probably be required to the format of the D0040 data flow between Half Hourly Data Aggregators and SVAA.

² This validation is comparing the Market Participant Id of a Distributor (from the LLFC) with that of a Supplier Meter Registration Agent (from standing data). This is valid because of requirement 5.1.3.

7.3 Supplier Meter Registration Agents

The impact of these changes on Supplier Meter Registration Agents (SMRA) will depend upon the types of service they choose to offer:

- An existing SMRA who chose to continue providing services only to a single Distributor, within a single GSP Group, is unlikely to be impacted by this change.³
- An existing SMRA who chose to provide a service to multiple Distributors, but only within a single GSP Group⁴, would need to find a way of providing multiple distinct SMRA services, each with a different two-digit Distributor Short Code, and each validating that registrations were consistent with the validation rules of the appropriate Distributor. Such a service might be provided by enhancing an existing SMRA application to handle multiple Distributors, or running a separate instance of an existing SMRA application for each Distributor.
- An existing SMRA who chose to provide a service to multiple Distributors, each operating in multiple GSP Groups, would potentially need to make a number of changes to their service:
 - (i) They would need to find a way of providing multiple distinct SMRA services, each with a different two-digit Distributor Short Code (as described above for SMRA operating in a single GSP Group).
 - (ii) They would need to ensure that their service was capable of handling multiple GSP Groups. In particular, the validation of Profile Class and SSC combinations would need to recognise that the valid set is different in each GSP Group.

7.4 Distributors

The requirements listed in section 5 of this document place a number of requirements on new licensed Distributors. These requirements are modelled on those with which existing Public Distribution System Operators comply, and include the following:

- Requirements associated with providing or procuring an SMRA service, as listed in section 5.1 of this document.
- Accreditation and entry process requirements, as listed in section 5.2 of this document.
- A requirement to publish Line Loss Factor values for use in settlement, as described in section 5.3 of this document.
- A requirement to maintain an inventory of Unmetered Supply, as described in section 5.4 of this document.

³ It should be noted that this option may not be available to SMRA who form part of a PDSO, and whose Distribution Licence obliges them to offer an SMRA service to other Distributors within their distribution services area. In theory, another Distributor could demand an SMRA service (albeit only within that distribution services area). However, only a Distributor operating purely within a single PDSO area would have any incentive to do this. A Distributor operating in more than one area would have no option but to find an SMRA who supported multiple GSP Groups.

⁴ As explained in the footnote above, such a service would only be of use to Distributors operating in a single GSP Group only.

The requirements will also have a potential impact on existing Public Distribution System Operators, including the following:

- Changes to internal systems to allow for the fact that other Distributors may now be operating in the same GSP Group, and have licensed networks connected to the Public Distribution System.
- If an existing private network becomes licensed, the PDSO will need to assist in the migration process, by logically disconnecting (for settlement purposes) the existing meter at the connection point between the two networks, at the same time as the individual metering points on the new network are registered in the new SMRS.

7.5 Suppliers

Potential impacts on Suppliers of the requirements listed in section 5 of this document include the following:

- Changes to internal systems to allow for there being more than one Distributor and SMRA per GSP Group. (For example, any existing systems that 'deduce' the GSP Group from the Distributor Short Code or Market Participant Id will need to be changed).
- Changes to internal systems to allow for the possibility of a Distributor or SMRA operating in more than one GSP Group.
- If Highly Desirable requirement 5.2.2 is implemented, Suppliers will have to complete an entry process with each new SMRA before supplying customers on the network(s) of the associated licensed Distributor.
- If Desirable requirement 5.7.1 is implemented, Suppliers will have to provide enhanced Standing Data (including SMRA details) to SVAA.

7.6 Supplier Agents

Potential impacts on Supplier Agents of the requirements listed in section 5 of this document include the following:

- Changes to internal systems to allow for there being more than one Distributor and SMRA per GSP Group. (For example, any existing systems that 'deduce' the GSP Group from the Distributor Short Code or Market Participant Id will need to be changed).
- Changes to internal systems to allow for the possibility of a Distributor or SMRA operating in more than one GSP Group.

As an example of changes that are likely to be required, section 7.7 below describes the impact on one particular Supplier Agent system (i.e. the Non Half Hourly Data Aggregation software provided by ELEXON).

7.7 ELEXON-Developed Non Half Hourly Data Aggregation Software

Ultimately, the impact of new licensed Distributors on the ELEXON-developed Non Half Hourly Data Aggregation software will have to be determined by commissioning a detailed impact assessment from the developer. However, in summary, the changes are believed to be as follows.

7.7.1 GSP Group Distributor Entity

The NHHDA application maintains GSP Group Distributor details, which are similar to those recorded in Market Domain Data. These are used to validate the Metering System GSP Group details received from MPAS. The NHHDA application checks that the GSP Group to which the metering system has been assigned in MPAS is one for which the Distributor (as indicated by the first two digits of the MPAN) is responsible.

The introduction of new licensed Distributors means that there may be more than one Distributor per GSP Group. There are two possible options for amending the NHHDA software to cater for this:

- Enhance the NHHDA database and data entry screens to allow for more than one Distributor per GSP Group. (This is consistent with the MDD changes specified by Desirable requirement 5.5.1).
- Disable the validation of GSP Group against Distributor, so that the system no longer requires GSP Group Distributor details.

Subject to assessment of costs and benefits, the first of these two options would appear to be preferable.

7.7.2 PRS Agent Appointment Entity

Like MDD, the NHHDA application stores details of SMRA in an entity called PRS Agent Appointment. However, the structure of this entity is not the same as in MDD:

- As described in section 7.1 above, the PRS Agent Appointment entity in MDD stores details of which SMRA is responsible for each GSP Group.
- In contrast, the PRS Agent Appointment entity in NHHDA stores details of which SMRA is responsible for each Distributor.

As there will still be only one SMRA per Distributor, no changes should be required to the NHHDA functionality for storing PRS Agent Appointment details.

7.7.3 Instruction Processing

As noted in section 7.2.1 above, enhancements will be required to the functionality that validates the GSP Group in an instruction against the Distributor Id. No other changes to instruction processing have been identified. In particular, it should be noted that:

- The validation of SMRS against Distributor is unchanged, as described in section 7.2.2 above.
- A PRS full refresh is defined as containing all the data for an entire Distribution Business. This functionality should still work correctly, even with multiple Distribution Businesses per GSP Group.

7.7.4 Data Aggregation

The Data Aggregation process will have to be enhanced to allow for there being more than one Distributor per GSP Group. The actual functionality for each Distribution Business should be largely unchanged.

Note that each Distributor has its own Line Loss Factor Classes, and therefore its own 'cells' in the Supplier Purchase Matrix produced by the NHHDA software. The NHHDA process will not aggregate together metering systems from different Distributors.

ANNEX 1 – REQUIRED MODIFICATION PROPOSALS

This Annex lists the Change Proposals and Modification Proposals that will be required to implement the changes described in sections 6 and 7 of this document. None of these have yet been raised. It is intended to update the table with appropriate Change Proposal Numbers and Modification Proposal Numbers as these become known.

Reference Within This Document	Change Proposals
6.1 – MRA Changes	Following the DBFG meeting on 8 th January, MEC will be asked to agree that appropriate MRA Change Proposal(s) are raised.
6.2 – BSC Changes	As the Modification process in Section F of the BSC can take some months to complete, it is hoped that one of the Suppliers involved in the Registration and Settlement Subgroup will initiate the process by raising a Modification Proposal in time for the January meeting of the BSC Panel.
6.3 – SAS Changes	Changes will be required to the SAS, as listed in section 6.3.
6.4 – BSCP and PSL Changes	Change Proposals (in accordance with BSCP40) will be required for the amendments to BSC Procedures and Party Service Lines listed in section 6.4.
7.1 – MDD	Change Proposals (in accordance with BSCP40) will be required for amendments to the MDD software and associated documentation.
7.2 – SVAA	Change Proposals (in accordance with BSCP40) will be required for amendments to the SVAA software and associated documentation.
7.7 – NHHDA	Change Proposals (in accordance with BSCP40) will be required for amendments to the NHHDA software and associated documentation.

ANNEX 2 – ADDITIONAL ISSUES WITH DIRECTLY CONNECTED NETWORKS

The requirements described in the main body of this document are based on the assumption that there will be no change to the existing definitions of GSP Group (in the BSC) or BSP Group (in the SAS). This is consistent with the recommendations of the New Distribution Focus Group, but does raise additional issues in the case of networks directly connected to the transmission network. These additional issues are essentially outside the scope of this document, but in summary are as follows:

England and Wales

Annex X-1 of the BSC defines a GSP Group as being:

a distinct electrical system, consisting of:

- (i) all or part of a Distribution System which is connected to the Transmission System at one or more Grid Supply Points, and*
- (ii) all or part of any Distribution System which:
 - (1) is connected to the Distribution System in paragraph (i), or to any other Distribution System under this paragraph (ii), and*
 - (2) is not connected to the Transmission System at any Grid Supply Point**

and the total supply into which is determined by metering for each half hour;

Based on this definition, it would appear that any distribution network directly connected to the transmission system would qualify as a GSP Group on its own, and could not be incorporated into an existing GSP Group. Although creating a new GSP Group in this way is one possible option for handling such networks, it does potentially have some disadvantages. Probably the most serious is that, as currently defined, the mechanism of GSP Group Correction allocates errors (in estimated meter readings, line loss factors, profiling etc.) to the Suppliers of Non Half Hourly metering systems. In the twelve existing GSP Groups the impact of this on Suppliers is relatively small, because the volume of errors is typically low in proportion to the volume of Non Half Hourly energy. On a new directly connected network this would not necessarily be the case. In the extreme case, if the network had no Non Half Hourly metering systems, GSP Group Correction (as currently defined) would not work at all.

One way to resolve this issue would be to modify the definition of GSP Group to allow a directly connected network to be incorporated into a neighbouring GSP Group. Such a change would need to be raised as a Modification Proposal in accordance with Section F of the BSC.

Scotland

Initial analysis by SESL indicates that the situation in Scotland differs from that in England and Wales in the following respects:

- In Scotland, the transmission network includes the 132kV network (unlike in England and Wales, where the 132kV network is treated as distribution). The definition of BSP Group recognises this, and allows an independent distribution network directly connected to the 132kV transmission network to form part of one of the two existing BSP Groups. Potentially a new BSP Group would be required for a network directly connected at the 275kV level.
- If a new BSP Group was required, it would raise additional issues over and above those caused by a new GSP Group in England and Wales. In Scotland, the settlement process is carried out separately for each BSP Group (unlike in England and Wales, where a single run of the SVAA or

SAA system will include all twelve GSP Groups). The operational impact of a new BSP Group therefore exceeds that of a new GSP Group.

ANNEX 3 – OTHER OPTIONS RELATING TO THE DEFINITION OF GSP GROUP

As noted in section 3.2 of this document, ELEXON and SESL believe that any new licensed distribution network should be incorporated into the GSP Group that corresponds geographically to the Public Distribution System to which the network is connected. Whilst the majority of responses to the DBFG's consultation on registration and settlement options agreed with the recommendation, a minority did not:

- One Public Distribution System Operator proposed that new networks should be treated as new GSP Groups.
- Three Public Distribution System Operators proposed that new networks should be incorporated into any of the existing GSP Groups (regardless of geographical location), at the discretion of the Distributor.

This Annex summarises the concerns that ELEXON and SESL have with these options. It should be noted, however, that neither option has been ruled out. It is instead proposed that any BSC Party who still favours one of these options should pursue it through a Modification Proposal in accordance with Section F of the BSC, allowing the issues raised to be publicly debated. (Such a Modification Proposal would presumably suggest an appropriate amendment to the definition of GSP Group. The current definition is included for reference in Annex 2 to this report).

Creation of New GSP Groups

Annex 2 to this report outlines the issues that are raised by the creation of small GSP Groups. In summary, the most important issues are as follows:

- The current mechanism of GSP Group Correction could seriously disadvantage Non Half Hourly Suppliers, unless the volume of Non Half Hourly energy on the network was large in comparison to likely errors (such as errors in estimated meter readings and calculated line losses).
- In Scotland, where each BSP Group is settled separately, there would be a severe operational impact.

Incorporating Networks into Geographically Remote GSP Groups

The most significant issues raised by this proposal appear to be as follows:

- It would give Distributors the power to decide which metering systems constitute a GSP Group. Given that a GSP Group is in essence a mechanism for allocating errors (such as errors in estimated meter readings, errors in line loss factors, and profiling errors) amongst Suppliers in an agreed and equitable manner, it could be regarded as inappropriate that the power to define GSP Groups should rest with Distributors.
- It could lead to GSP Groups that included metering systems from across the country, rather than a single geographical area. As each GSP Group has its own Base BM Units, this would undermine the principle that each BM Units should represent plant at a particular point on the transmission network. For this reason, the Transmission Company indicated in its consultation response that it did not support this option.